PROVINCE OF SASKATCHEWAN

MINISTRY OF
AGRICULTURE

07-08

ANNUAL REPORT

AGRI-FOOD INNOVATION FUND

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This annual report is also available in an electronic format from Saskatchewan Agriculture's website at **www.agriculture.gov.sk.ca**.

Letters of Transmittal

His Honour the Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Agri-Food Innovation Fund for the fiscal year ending March 31, 2008.

Bob Bjornerud
Minister of Agriculture

The Honourable Bob Bjornerud
Minister of Agriculture

I have the honour of submitting the Annual Report of the Agri-Food Innovation Fund for the fiscal year ending March 31, 2008.

Abdul Jalil
Chair
Board of Directors
Agri-Food Innovation Fund

Board of Directors

Mr. Abdul Jalil, Chair
Director, Agriculture Research Branch
Saskatchewan Ministry of Agriculture

Mr. Don Russell, Director
Mr. Louis Hradecki, Director
Ms. Linda Pipke, Director

Management services are provided through the Agriculture Research Branch of the Saskatchewan Ministry of Agriculture.

AFIF Activities

When the Canada-Saskatchewan AFIF Agreement concluded on March 31, 2003, a new Saskatchewan board of directors was appointed under *The Saskatchewan Agri-Food Innovation Act*.

This board has continued to manage the fund's ongoing business, and ongoing contractual obligations entered into under the agreement.

All projects have now been completed.

During the 12-month period ending March 31, 2008, AFIF paid $300,000 for one project.

- The sum of $300,000 was paid to improve the global competitiveness of the cow-calf and feeding industries in Saskatchewan. This project has now been completed.

Two other projects, which had received funding in previous years, were also completed:

- Research to support registration of pesticides for minor use for special crops; and
- Research to develop elements of an audit program for on-farm quality assurance programs.

Agri-Food Innovation Fund

Financial Statements
For the Year Ended
March 31, 2008

Board of Directors' Report

To Members of the Legislative Assembly of Saskatchewan:

The Board of Directors of the Agri-Food Innovation Fund of Saskatchewan is responsible for the integrity of the accompanying financial statements and all other information in this 2007-08 annual report. It is the responsibility of management to prepare financial statements in accordance with generally accepted accounting principles in Canada.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are appropriately recorded in order to permit preparation of financial statements; and, assets are properly accounted for and safe-guarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal controls based on the premise that the cost of such controls should not exceed the benefits derived therefrom.

The financial statements have been audited by the Provincial Auditor of Saskatchewan. The report to the Members of the Legislative Assembly, stating the scope of the examination and opinions on the financial statements, appears on the following pages.

Abdul Jalil
Chair
Board of Directors
Agri-Food Innovation Fund
May 21, 2008

AGRI-FOOD INNOVATION FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2008

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Agri-Food Innovation Fund as at March 31, 2008 and the statements of operations and accumulated surplus, change in net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 21, 2008

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

AGRI-FOOD INNOVATION FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2008	2007
FINANCIAL ASSETS		
Due from General Revenue Fund (Notes 4 & 5)	$ 1,187,277	$ 1,425,982
Interest receivable (Notes 4 & 5)	10,433	14,836
	1,197,710	1,440,818
LIABILITIES		
Accounts payable	30,683	20
NET FINANCIAL ASSETS (Statement 3)	1,167,027	1,440,798
NON-FINANCIAL ASSETS		
Prepaid expenses	318	76,921
ACCUMULATED SURPLUS (Statement 2)	$ 1,167,345	$ 1,517,719

(See accompanying notes to the financial statements)

AGRI-FOOD INNOVATION FUND
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year Ended March 31

	2008	2007
Revenue		
Interest revenue (Notes 4 & 5)	$ 52,245	$ 57,010
Miscellaneous	4	---
Total revenue	52,249	57,010
Expenses		
Contractual services - Strategic Projects	401,940	377,987
Board expenses	683	964
Total expenses (Note 6)	402,623	378,951
Deficit for the year	(350,374)	(321,941)
Accumulated surplus, beginning of year	1,517,719	1,839,660
Accumulated surplus, end of year (Statement 1)	$ 1,167,345	$ 1,517,719

(See accompanying notes to the financial statements)

Statement 3

AGRI-FOOD INNOVATION FUND
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended March 31

	2008	2007
Deficit for the year	$ (350,374)	$ (321,941)
Net decrease in prepaid expenses	76,603	236,065
Decrease in net financial assets	(273,771)	(85,876)
Net financial assets, beginning of year	1,440,798	1,526,674
Net financial assets, end of year (Statement 1)	$ 1,167,027	$ 1,440,798

Statement 4

AGRI-FOOD INNOVATION FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2008	2007
Cash flows from operating activities:		
Refunds from contractors	$ 4,663	$ 151,233
Interest received	56,648	55,456
Payments to contractors and suppliers	(300,016)	(341,003)
Net decrease in cash and cash equivalents	(238,705)	(134,314)
Cash and cash equivalents, beginning of year (Note 2 (c))	1,425,982	1,560,296
Cash and cash equivalents, end of year (Note 2 (c))	$ 1,187,277	$ 1,425,982

(See accompanying notes to the financial statements)

AGRI-FOOD INNOVATION FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008

1. Authority and Definition

The Agri-Food Innovation Fund (Fund) was established effective March 31, 1995 pursuant to Section 3 of *The Agri-Food Innovation Act* as a corporation. The purpose of the Fund is to enhance the diversification of the Saskatchewan agriculture and food industry, support research and development and encourage farmers and rural residents to create economic opportunities and jobs.

On September 25, 1995, the Government of Saskatchewan entered into the Canada-Saskatchewan Agri-Food Innovation Agreement (Agreement) with the Government of Canada to achieve this purpose. On March 31, 2003, the Agreement with the Government of Canada expired. The Fund continues to administer the remaining provincial funding.

The Fund is administered by the Agri-Food Innovation Fund Board.

The Board has entered into contracts with various contractors to carry out projects for the purpose outlined above.

2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The following accounting principles are considered significant:

a) Revenue Recognition

Interest income is recognized as revenue when earned.

b) Receivables/Payables

These financial instruments are both interest and non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of amounts due from the General Revenue Fund.

3. Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Such estimates relate to contractual services – strategic projects expense. Actual results could differ from those estimates and would impact the results reported in future periods.

4. Related Party Transactions

All Government of Saskatchewan agencies such as ministries, corporations, boards and commissions are related since they are all controlled by the Government. These financial statements include transactions with other Government agencies.

The Fund earned interest income of $52,245 (2007 - $57,010) on monies deposited in the General Revenue Fund. At year end, the Fund had monies deposited in the General Revenue Fund totalling $1,187,277 (2007 - $1,425,982).

In accordance with Section 9 of *The Agri-Food Innovation Act*, the Minister of Agriculture may provide to the Fund any supplies and employee services required to carry out its responsibilities. The Fund received office space and administrative services from Saskatchewan Agriculture without charge.

Included in accounts payable is $30,000 due to related parties (2007 - $0).

During the year, the Fund incurred expenses totalling $330,000 (2007 - $287,041) to related parties.

5. Due From General Revenue Fund

The monies of the Agri-Food Innovation Fund are deposited in the General Revenue Fund. The Agri-Food Innovation Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Agri-Food Innovation Fund's daily balance. The average thirty-day borrowing rate for the year was 4.08% (2007 – 4.15%).

6. Comparison of Planned and Actual Results for the Year Ended March 31, 2008

	Budget	Actual
Expenses:		
Board expenses	$ 1,000	$ 683
Contractual services - Strategic Projects	330,000	401,940
Communication activities	1,000	---
	$ 332,000	$ 402,623

The Board approved the budget for expenses at its March 2007 meeting.

Schedule 1

AGRI-FOOD INNOVATION FUND
DETAILS OF EXPENSES (UNAUDITED)
For the Year Ended March 31

	2008
Strategic Projects	
Provincial Council of A.D.D. Boards	$ 70,338
Saskatchewan Quality Starts Here Working Group	1,602
Prairie Agricultural Machinery Institute	330,000
Total Strategic Projects	401,940
Supplier Payments	
Payees under $5,000	683
Total Supplier Payments	683
Total	$ 402,623